

FDIC State Profile

Spring 2006

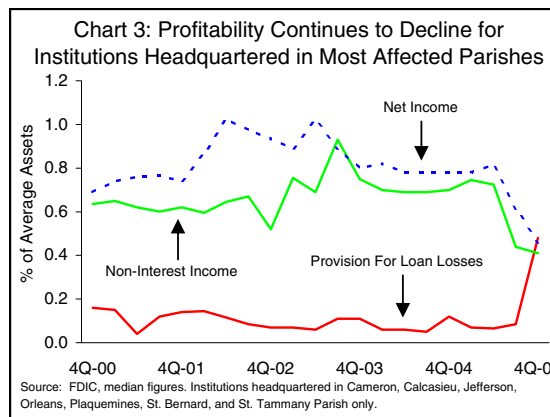
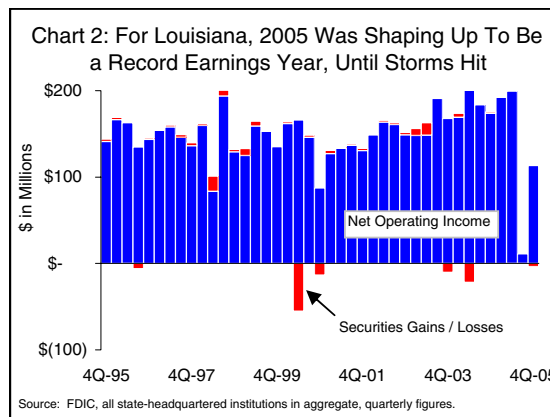
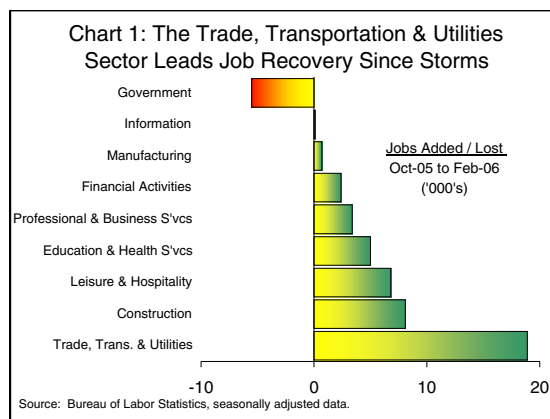
Louisiana

Louisiana employment recovery remains weak and uneven in the wake of the hurricanes. Growth is led by the trade and construction sectors.

- As of February, Louisiana had regained just 41,600, or 17 percent, of the jobs lost in September and October because of Hurricanes Katrina and Rita.¹
- Leading the recovery have been the trade, transportation and utilities sector (particularly the retail trade segment) and the construction sector (including debris removal), which combined have accounted for two out of every three jobs added since the storms (see Chart 1).
- Recovery in the state's industry sectors that rely more on discretionary consumption has been slower. Education and health, and leisure and hospitality, were the state's top two performing sectors during the past five years (ending June 2005) but have struggled to add back jobs since the storms. These sectors may not recover for some time, and the timing and degree of the recovery will be influenced greatly by how residential neighborhoods rebuild and how quickly they can be repopulated.
- The government sector continues to shed jobs, since losing 6,000 jobs in September and October the sector has lost an additional 6,000 jobs through February.

Profitability continues to fall, while past-due rates remain elevated in significantly damaged parishes.

- Before the storms, 2005 was shaping up to be a record earnings year for institutions headquartered in the state, with the first and second quarter of 2005 marking the second and third highest quarterly earnings totals ever (see Chart 2).
- Insured institutions headquartered in the most affected parishes continue to report sharp declines in profitability. The fourth quarter median return on assets (ROA) of 0.46 was the lowest quarterly median ROA for this subset of parishes since the recession of 1990-1991. In addition to significantly higher provision expenses for loan and lease losses, institutions reported lower non-interest income (see Chart 3).



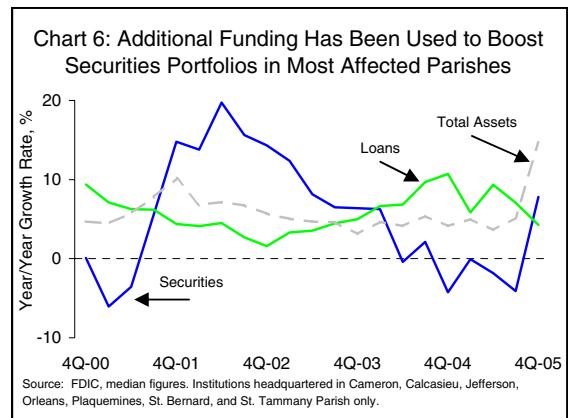
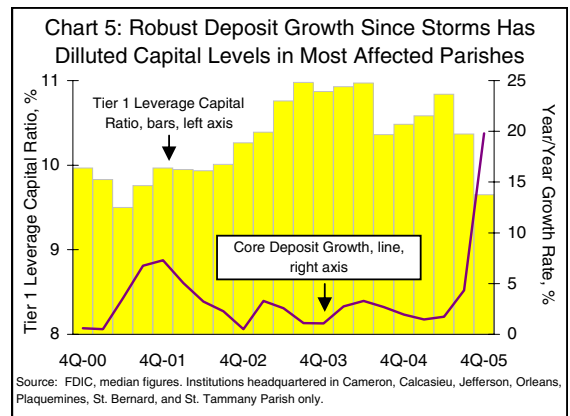
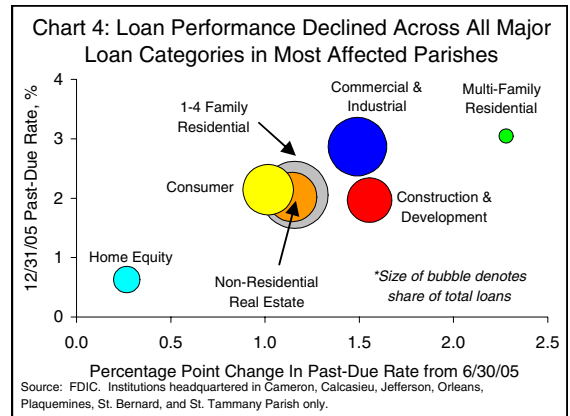
¹Month-to-month comparisons of payroll employment are based on seasonally-adjusted data.

State Profile

- Insured institutions headquartered in the seven parishes with significant storm damage reported a median total past-due rate of 2.68 percent in fourth quarter 2005.² The past-due ratio for all major loan categories, except home equity loans, has increased significantly since the reporting period before the hurricanes (see Chart 4).
- Outside the seven parishes experiencing significant damage, past-due rates and profitability measures generally returned to pre-storm levels. However, it should be noted that many institutions within and outside the most affected parishes have offered loan deferral programs to their borrowers. As a result, income and performance ratios may not yet fully reflect the hurricanes' impact.

A surge in deposit growth has tended to dilute capital levels, and has spurred purchases of government securities.

- Insured institutions headquartered throughout the state reported strong core deposit growth during the fourth quarter of 2005. However, growth was particularly strong in the most significantly affected parishes. This deposit growth is largely attributed to deposits of insurance and aid relief and is likely to decline as rebuilding efforts accelerate. The deposit growth contributed to a 119 basis point decline in the median Tier 1 leverage capital ratio for institutions headquartered in the most affected parishes, and a decline of 49 basis points for all other parishes since second quarter 2005 (see Chart 5).
- The additional deposits were invested in securities; particularly liquid U.S. government agency securities (see Chart 6). Because most of the deposit growth occurred in demand deposit accounts, institutions headquartered in the most affected parishes' maintained net interest margins despite the relatively low yields earned on these securities.
- While deposit growth has been strong, loan growth reported by insured institutions in the most affected parishes has slowed and is likely to remain depressed in the near-term until key rebuilding issues are resolved. In addition, one report suggests that lenders have been hesitant to make loans due to the difficulty in obtaining full insurance coverage for properties in the most affected parishes.³



²The identification of the seven parishes with significant damage is based on a report by the Federal Home Loan Mortgage Corporation and includes Cameron, Calcasieu, Jefferson, Orleans, Plaquemines, St. Bernard, and St. Tammany.

³Timothy Boone, "Insurers wary of issuing policies for N.O. rebuilding," *Baton Rouge Advocate*, February 21, 2006.

Louisiana at a Glance

ECONOMIC INDICATORS (Change from year ago, unless noted)

Employment Growth Rates	Q4-05	Q3-05	Q4-04	2004	2003
Total Nonfarm (share of trailing four quarter employment in parentheses)	-9.9%	-2.0%	0.5%	0.6%	0.5%
Manufacturing (8%)	-6.6%	-1.8%	-1.0%	-1.6%	-3.0%
Other (non-manufacturing) Goods-Producing (8%)	-8.2%	-0.1%	-3.1%	-3.0%	-0.8%
Private Service-Producing (63%)	-13.2%	-2.7%	1.1%	1.4%	1.0%
Government (20%)	-1.5%	-0.7%	0.9%	0.8%	1.2%
Unemployment Rate (% of labor force)	10.2	7.8	5.6	5.7	6.3

Other Indicators	Q4-05	Q3-05	Q4-04	2004	2003
Personal Income	N/A	-21.1%	6.7%	5.8%	3.1%
Single-Family Home Permits	5.5%	2.1%	9.3%	9.7%	12.9%
Multifamily Building Permits	-59.1%	45.9%	-15.6%	-36.2%	26.2%
Existing Home Sales	28.1%	3.1%	-3.2%	4.5%	6.3%
Home Price Index	9.1%	6.4%	6.1%	5.8%	5.1%
Nonbusiness Bankruptcy Filings per 1000 people (quarterly annualized level)	9.94	7.62	5.94	6.47	6.47

BANKING TRENDS

General Information	Q4-05	Q3-05	Q4-04	2004	2003
Institutions (#)	163	164	166	166	170
Total Assets (in millions)	72,622	63,797	59,777	59,777	53,730
New Institutions (# < 3 years)	2	1	1	1	0
Subchapter S Institutions	40	40	38	38	35

Asset Quality	Q4-05	Q3-05	Q4-04	2004	2003
Past-Due and Nonaccrual Loans / Total Loans (median %)	2.31	2.67	2.66	2.66	2.70
ALLL/Total Loans (median %)	1.35	1.31	1.31	1.31	1.29
ALLL/Noncurrent Loans (median multiple)	1.37	1.62	1.43	1.43	1.64
Net Loan Losses / Total Loans (median %)	0.14	0.07	0.13	0.13	0.17

Capital / Earnings	Q4-05	Q3-05	Q4-04	2004	2003
Tier 1 Leverage (median %)	9.71	10.28	10.07	10.07	9.78
Return on Assets (median %)	0.97	1.09	0.99	1.08	1.07
Pretax Return on Assets (median %)	1.27	1.50	1.23	1.44	1.43
Net Interest Margin (median %)	4.59	4.60	4.50	4.42	4.40
Yield on Earning Assets (median %)	6.36	6.37	5.82	5.73	5.98
Cost of Funding Earning Assets (median %)	1.99	1.90	1.49	1.43	1.65
Provisions to Avg. Assets (median %)	0.12	0.11	0.11	0.13	0.15
Noninterest Income to Avg. Assets (median %)	0.83	0.88	0.93	0.94	0.95
Overhead to Avg. Assets (median %)	3.50	3.43	3.65	3.53	3.53

Liquidity / Sensitivity	Q4-05	Q3-05	Q4-04	2004	2003
Loans to Assets (median %)	59.3	63.6	61.4	61.4	60.5
Noncore Funding to Assets (median %)	18.6	20.1	19.9	19.9	19.2
Long-term Assets to Assets (median %, call filers)	10.6	12.1	12.4	12.4	14.0
Brokered Deposits (number of institutions)	22	20	15	15	15
Brokered Deposits to Assets (median % for those above)	2.9	3.3	2.8	2.8	1.2

Loan Concentrations (median % of Tier 1 Capital)	Q4-05	Q3-05	Q4-04	2004	2003
Commercial and Industrial	74.3	70.1	76.1	76.1	73.3
Commercial Real Estate	170.7	168.1	148.9	148.9	142.9
<i>Construction & Development</i>	31.9	31.0	24.4	24.4	21.1
<i>Multifamily Residential Real Estate</i>	2.6	2.1	2.3	2.3	1.0
<i>Nonresidential Real Estate</i>	119.1	115.7	108.4	108.4	96.9
Residential Real Estate	184.8	186.7	189.2	189.2	185.8
Consumer	56.3	56.2	57.2	57.2	60.8
Agriculture	11.7	14.2	13.3	13.3	13.1

BANKING PROFILE

Largest Deposit Markets	Institutions in Market	Deposits (\$ millions)	Asset Distribution	Institutions
New Orleans-Metairie-Kenner, LA	42	20,066	< \$250 million	126 (77.3%)
Baton Rouge, LA	39	9,332	\$250 million to \$1 billion	33 (20.2%)
Shreveport-Bossier City, LA	19	4,009	\$1 billion to \$10 billion	2 (1.2%)
Lafayette, LA	22	3,415	> \$10 billion	2 (1.2%)
Houma-Bayou Cane-Thibodaux, LA	13	2,535		